24th March, 1921

THE

LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

FIRST SESSION

OF THE

LEGISLATIVE ASSEMBLY, 1921

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LEGISLATIVE ASSEMBLY.

Thursday, 24th March, 1921.

The Assembly met in the Assembly Chamber at Eleven of the Clock. The Honourable the President was in the Chair.

QUESTIONS AND ANSWERS.

MINISTERIAL ESTABLISHMENTS OF ATTACHED OFFICES.

595. **Rai Bahadur Bakshi Sohan Lal**: With reference to questions Nos. 337 and 338 asked by me and the answers given by Mr. S. P. O'Donnell, will Government be pleased to state:

(*a*) How it is consistent with the principle laid down in paragraph 3 of the Secretary of State's despatch No. 107, dated the 22nd September 1911, that the ministerial establishments of the attached offices are not given house rent in Simla while those of the Secretariat offices are given this allowance and that while the revised scale of pay sanctioned for the members of the attached offices takes effect from the 1st April 1920, those of the Secretariat offices take effect from the 1st December 1919 ?

(*b*) What immediate relief has been granted to the attached offices, and whether it is correct or not that in certain attached offices the immediate relief has been given on the yearly average salary while in others on the salary of a particular month ?

(*c*) Whether it is correct or not that prior to the recent revision the minimum pay in attached and Secretariat offices was Rs. 50 and now in the Secretariat offices it is raised to Rs. 100 per mensem and in the attached offices to Rs. 75 only ?

(*d*) Whether the qualifications required for recruitment in the attached and Secretariat offices are the same ?

(*e*) Whether there is any proposal for consideration before Government to remove the grievances of the ministerial establishment of the attached offices so that the advantage of counting past services given to the Secretariat offices be extended to the establishments of the attached offices ?

Mr. S. P. O'Donnell: The information asked for by the Honourable Member is contained in the statement which is laid on the table.

Statement.

(*a*) The Secretary of State laid down that there should be equality of remuneration for similar labour. This principle has not been departed from. It is not correct to say that no attached offices get Simla house rent allowance. Certain offices get this allowance in Simla, and certain other offices if they move down to Delhi are given a Delhi camp allowance. No offices get both. The Honourable Member's attention is invited to the Simla Allowance Code. The difference in the dates from which the revised scales of pay took effect in the

Secretariat and attached offices was due to the case of the latter having been considered at a later date. The pay of the Secretariat establishment had effect from the first of the month in which the Secretary of State was addressed. In the case of the attached offices retrospective effect was allowed from the 1st day of the financial year in which the proposals were taken up.

(*b*) Percentage increases of the amounts mentioned below, on the pay drawn at the time of the introduction of the new rates of pay have been given, *viz.*:

30 per cent. to those on pay up to Rs. 100.

25 per cent. to those on more than Rs. 100 but not more than Rs. 200.

20 per cent. to those on more than Rs. 200.

In very special circumstances only, has the above rule been departed from to the extent of permitting the percentages to be counted on the average salary of the year preceding the introduction of the new scales.

(*c*) The statement is not correct. Under the old scale of pay the minimum pay of some of the attached or subordinate offices was Rs. 50 and in others below this figure, while the minimum pay of the last grade of the Second Division (10th grade) was Rs. 60. Only probationers (or apprentices as they were termed) in the Secretariat received Rs. 50. After the recent revision of pay the probationer's allowance in the Secretariat has been raised from Rs. 50 to Rs. 80 and the minimum pay from Rs. 60 to Rs. 100, while the minimum pay of the clerks in the attached or subordinate offices has been fixed at Rs. 75 a month.

(*d*) Although the minimum academic qualifications are the same for both the Secretariat and attached offices the best available candidates are recruited for the former.

(*e*) The answer is in the negative.

PUBLICITY BUREAU OF THE GOVERNMENT OF INDIA.

596. **Munshi Iswar Saran**: Will Government be pleased to state if it proposes to consider the question of forming a committee of non-officials to guide and control the work of the Publicity Bureau of the Government of India, and further of advising the formation of similar committees in Provinces where none exist?

Mr. S. P. O'Donnell: Government already have in contemplation the constitution of an advisory board, partly official and partly non-official. Its personnel and functions are under consideration and will be announced in due course. The establishment of non-official committees in the provinces is a matter which rests with Local Governments, but a copy of this question and answer will be forwarded to Local Governments.

INTERPELLATIONS IN THE LEGISLATIVE ASSEMBLY AND THE COUNCIL OF STATE.

597. **Rao Bahadur T. Rangachariar**: What is the total number of Interpellations received for the Legislative Assembly and the Council of State, respectively, and how many Interpellations, if any, were disallowed in each case?

The Honourable Dr. T. B. Sapru: Up till the 20th March, 262 questions were received for the Council of State out of which 20 have been

disallowed and 800 questions for the Legislative Assembly out of which 103 have been disallowed.

RESOLUTIONS IN THE LEGISLATIVE ASSEMBLY AND THE COUNCIL OF STATE.

598. **Rao Bahadur T. Rangachariar :** (*a*) What is the total number of Resolutions of which notice was given by :

(*i*) Official Members of the Legislative Assembly and the Council of State, respectively,

(*ii*) Non-official Members of the Assembly and Council of State, respectively ?

(*b*) What is the total number of Resolutions, if any, disallowed under each of the heads in (*a*) ?

(*c*) What is the total number of Resolutions :

(*i*) discussed, and

(*ii*) not reached during the current Session in the Assembly and Council of State, respectively ?

The Honourable Dr. T. B. Sapru: (*a*)(*i*) Up till the 20th March, 7 Resolutions were submitted in the Council of State and 8 in the Legislative Assembly by official Members.

(*ii*) During the same period notices of 56 Resolutions for the Council of State and 138 for the Legislative Assembly were received from non-official Members.

(*b*) None of the Resolutions under (*a*)(*i*) were disallowed; under (*a*) (*ii*) 15 Resolutions were disallowed.

(*c*) I presume that by the words 'not reached' the Honourable Member means the number of Resolutions which have been admitted but which have not as yet been discussed.

(*i*) 54 Resolutions altogether have been discussed.

(*ii*) 24 Resolutions for the Council of State and 118 Resolutions for the Legislative Assembly have not as yet been discussed.

NON-OFFICIAL WORK IN THE NEXT SESSION.

599. **Rao Bahadur T. Rangachariar :** In arranging the programme for the next Session do the Legislative Department propose so to arrange it as to give more time for non-official work also being expedited ?

The Honourable Dr. T. B. Sapru: It is hoped that in future sessions it may be found possible to devote a larger proportion of the time of the Assembly to non-official business.

The attention of the Honourable Member is, however, invited to rule 6 of the Indian Legislative Rules.

SECRETARIAT OF THE LEAGUE OF NATIONS.

600. **Mr. S. C. Shahani :** Will Government be pleased to state what contributions are made towards the expenses of the Secretariat of the League of Nations by its Members ?

The Honourable Dr. T. B. Sapru: Contributions are made by Members of the League towards the general expenses of the League which include the Secretariat. It is not possible from the papers available to distinguish between contributions for the Secretariat as apart from the League in general. A statement is laid on the table showing the contributions made by the Members of the League of Nations towards the general expenses of the League.

Contributions made by Members of the League of Nations towards the expenses of the League.

States.	For the First Fiscal Period, *viz.*, during the organisation period ending 30th June 1920.	During the Second Fiscal Period, *viz.*, 1st July 1920 to 31st December 1920.	TOTAL.
1	2	3	4
	£	£	£
Argentine	3,247	5,757	9,004
Australia	16,234	28,786	45,020
Belgium	9,740	17,272	27,012
Bolivia	1,948	3,454	5,402
Brazil	9,740	17,272	27,012
Canada	16,234	28,786	45,020
Chile	3,247	5,757	9,004
China	...	28,786	28,786
Colombia	3,247	5,757	9,004
Cuba	1,948	3,454	5,402
Czecho-Slovakia	6,494	17,272	23,766
Denmark	6,494	11,514	18,008
Ecuador	1,948	...	1,948
France	16,234	28,786	45,020
Great Britain	16,234	28,786	45,020
Greece	3,247	5,757	9,004
Guatemala	1,948	3,454	5,402
Haiti	...	3,454	3,454

States.	For the First Fiscal Period, *viz.*, during the organisation period ending 30th June 1920.	During the Second Fiscal Period, *viz.*, 1st July 1920 to 31st December 1920.	Total.
1	2	3	4
	£	£	£
Hedjaz	648	1,151	1,799
India	16,234	28,786	45,020
Italy	16,234	28,786	45,020
Japan	16,234	28,786	45,020
Liberia	648	1,151	1,799
Netherlands	9,740	17,272	27,012
New Zealand	1,948	3,454	5,402
Norway	6,494	11,514	18,008
Panama	1,948	3,454	5,402
Paraguay	1,948	3,454	5,402
Persia	1,948	3,454	5,402
Peru	3,247	5,757	9,004
Poland	16,234	28,786	45,020
Portugal	6,494	11,514	18,008
Roumania	9,740	17,272	27,012
Salvador	1,948	3,454	5,402
Serb-Croat Slovene State	6,494	11,514	18,008
Siam	1,948	3,454	5,402
South Africa	16,234	28,786	45,020
Sweden	9,740	17,272	27,012
Spain	12,988	23,029	36,017
Switzerland	9,740	17,272	27,012
Uruguay	1,948	3,454	5,402
Venezuela	1,948	3,454	5,402

GYMKHANA CLUB IN RAISINA.

601. **Babu K. C. Neogy:** (*a*) Will Government be pleased to state whether it is a fact that a branch of the Gymkhana Club has been opened in one of the class I officers' bungalows in Raisina; if so, what are the terms on which the use of the bungalow has been lent to the club?

(*b*) What is the assessed rent of the building according to the regulations of the Public Works Department?

(*c*) Have Government assisted the club in any other way besides letting out the bungalow to it?

(*d*) How many Indian gazetted officers living in Raisina are members of the club?

Colonel Sir S. D'A. Crookshank: (*a*) A branch of the Imperial Delhi Gymkhana Club has been opened as a tentative measure in a class I officers' bungalow at Raisina which was standing empty. The terms are not yet settled. The club is addressing the Government of India in the matter.

(*b*) The accounts of such residences have not yet been finally closed as all the work contemplated on them has not yet been completed, but the rent for similar houses has been fixed provisionally at Rs. 200 per month exclusive of rent for furniture and sanitary and electrical installations. Meanwhile, the club is liable for the full rental value of the house, namely, Rs. 200 per month, *plus* the rent of the sanitary and electrical installations and the charges for current and water actually consumed.

(*c*) No further assistance has been given to this branch of the club.

(*d*) The club has only just been started and Government are unaware of the number of members of the club, Indian or European. They understand, however, that Indians and Europeans are equally eligible for membership as the intention is that the club will eventually be a Sports Club on the lines of the Willingdon Club at Bombay.

ASSISTANT SECRETARIES TO THE GOVERNMENT OF INDIA.

602. **Babu K. C. Neogy:** (*a*) Will Government be pleased to state what rates of pay are at present drawn by the Assistant Secretaries to the Government of India in the various Departments, including the Military Finance Branch of the Finance Department?

(*b*) When were these rates fixed, and what were the rates sanctioned for these appointments at the time of the last revision?

(*c*) Is it a fact that, while the rates of pay of all Secretariat officers recruited from the various services has been considerably improved as a consequence of the general revision of the pay of those services, the pay of Assistant Secretaries not belonging to any of these services has been reduced recently?

(*d*) Is there any difference in the nature of the duties and responsibilities devolving on the various Assistant Secretaries? If not, what is the justification for making such a difference in the rates of salary drawn by the different Assistant Secretaries?

Mr. S. P. O'Donnell: The information asked for by the Honourable Member is contained in the statement which is laid on the table.

Statement.

(*a*) and (*b*). A new scale of pay for Assistant Secretaries (including Assistant Financial Advisers) in the Departments of the Government of India (except in the Foreign and Political Department) was fixed in November last. Those who belong to definite services receive a duty allowance of Rs. 250 a month in addition to their grade or time scale pay in the regular line; others receive an incremental salary of Rs. 1,000—50—1,250 a month. The previous rates drawn by Assistant Secretaries in Departments where such officers were employed are as follows:

Army Department—

(1) For a civilian not belonging to any service—Rs. 1,000 a month (*plus* a duty allowance of Rs. 250).

(2) For a Military officer—pay of rank *plus* staff pay of Rs. 500 a month.

Department of Commerce—

For all officers—Rs. 1,000 a month.

Finance Department—

(1) For an officer not belonging to the General List of the Indian Finance (now Audit) Department—Rs. 750—50—1,000 a month.

(2) For officers belonging to that list—Time scale pay in the regular line *plus* a remunerative local allowance of Rs. 250 a month.

Public Works Department—

For all officers—Rs. 800—50—1,000 a month.

Department of Education—

There were posts of Assistant Secretaries in this Department.

(*a*) In the case of the first post—

(1) For an Indian Civil Service officer—Rs. 1,300 a month.

(2) For a non-Indian Civil Service officer—Rs. 1,000—50—1,300 a month.

(*b*) In the case of the second post—

(1) For an Educational officer—grade pay *plus* a duty allowance of Rs. 250 a month.

(2) For a non-Educational officer—Rs. 750—50—1,000 a month. At present there is only one Assistant Secretary in the Education Department.

Department of Industries (formerly Board of Industries and Munitions)—

For all officers—Rs. 1,000 a month.

Railway Department (Railway Board)—

Assistant Secretaries in this Department are recruited only from the Railway and Audit Services and formerly drew their departmental pay *plus* a duty allowance of Rs. 200 a month.

Military Finance Department—

Assistant Financial Advisers, whether recruited from a regular service or not, drew an incremental scale of Rs. 1,000—50—1,300 a month.

The post of Assistant Secretary in the Foreign and Political Department Secretariat is borne on the Political Department of the Government of India and is classified as a superior appointment. This officer draws his time scale pay in the regular line *plus* a duty allowance of Rs. 150 a month, subject to a maximum salary of Rs. 1,600 a month.

(*c*) In the Education and Military Finance Departments the maximum pay for an Assistant Secretary not belonging to a regular service has been reduced from Rs. 1,300 to Rs. 1,250 a month, to bring these posts into line with similar appointments in other Departments. Any permanent incumbent already in receipt of the old scale of pay is of course protected. The new scale is considered adequate to attract suitable officers in all Departments. In other Departments, as will be seen from the facts above stated, the present rate of pay is more favourable than the old.

(*d*) The post of Assistant Secretary in the Foreign and Political Department is classified as a superior appointment, and in the Railway and Finance Departments the work is of a technical character requiring officers with special technical knowledge. Otherwise there is no material difference in the duties and responsibilities of the Assistant Secretaries employed in various Departments. In view of the facts already stated, the second part of this question does not arise.

INDIAN OFFICERS IN CERTAIN SERVICES.

603. **Mr. A. B. Latthe**: (*a*) Is it a fact :

(*i*) That there are no 'Indian officers or other ranks' in charge of machine-guns.

(*ii*) That there is not a single Indian in the Royal Air Force.

(*iii*) That there are 1,287 British officers and other ranks in the Coast Defence Service while there are only 368 Indian officers and other ranks in the same service.

(*iv*) That there is not a single Indian in the Armoured Motor Companies.

(*v*) That there are only 3,182 Indian 'other ranks' (with no Indian officers) in the Army Signal Service while there are 154 British officers and 2,048 British other ranks in the same ?

(*b*) What steps has Government taken to introduce, or get introduced, a larger number of Indians in those services ?

Sir Godfrey Fell: (*i*) This statement is incorrect. In every Indian Cavalry regiment and in every active Indian Infantry Battalion, an Indian officer will be in command of the Machine Gun Troops or Platoon, and the personnel will be entirely Indian.

(*ii*) At present the Royal Air Force is a British service, like the Royal Navy. Recruiting for it is entirely in the hands of the Air Ministry. Considerable numbers of Indians are, however, employed in the Royal Air Force in India as mechanics.

(*iii*) The question of coast defences is under consideration. At present Companies of the Royal Garrison Artillery like batteries of Royal Horse Artillery and Royal Field Artillery are British service units.

(*iv*) The Armoured Motor Companies are a portion of the Tank Corps which is at present an entirely British Corps.

(*v*) This is a highly technical service. There is no reason why, in future, this service should not contain a larger proportion of Indians, if they are willing to serve in it. At present, however, the Indian telegraph operator in civil life earns higher pay than the British soldier in the Signal Company.

(*vi*) Three of the services referred to are purely British organisations recruited by the Air Ministry or the War Office, and the Government of India have no control over them. There is no differentiation between British and Indian units as regards Machine guns. As regards the Signal service, the average Indian soldier has not at present the education or the technical skill to fit him for employment in this highly technical service.

MESSAGE FROM THE COUNCIL OF STATE.

The Honourable the President: I have received a Message from the Secretary to the Council of State:—

'I am directed to inform you that the Bill further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, which was passed by the Legislative Assembly at its meeting of the 19th March, was passed by the Council of State at its meeting of the 23rd March, with the amendments indicated in the attached statement.

'The Council of State requests the concurrence of the Legislative Assembly in the amendments.

(Sd.) H. MONCRIEFF SMITH,
Secretary to the Council of State.'

The Secretary will lay a copy on the table.

THE INDIAN FINANCE BILL.

The Secretary to the Assembly: Sir, with reference to the Message which you have just read to the Assembly and in pursuance of rule 33 of the Indian Legislative Rules, I now lay on the table the Indian Finance Bill as amended by the Council of State.

The Honourable Mr. W. M. Hailey: Sir, I beg to move that, with your special permission, under rule 34 of the Indian Legislative Rules, the amendments made by the Council of State in the Finance Bill be taken into consideration.

Sir P. S. Sivaswamy Aiyer: Sir, I wish to ask for two pieces of information from the Honourable the Finance Minister. The first point on which I desire information is, what is the amount of revenue expected by raising the postage on letters from 6 pies to 9 pies ?—Page 14, Schedule III.

[Sir P. S. Sivaswamy Aiyer.]

The second point on which I desire information is in regard to Schedule IV, page 15. What is the amount of deficiency in the revenue that will be caused by reducing the surcharge upon traffic by inland steam vessels from 2½ annas to 1½ anna?

Rao Bahadur T. Rangachariar: May I also ask whether in reducing the surcharge to 1½ anna, it is the intention of Government to increase the freight on these Steamship Companies?

Mr. Harchandrai Vishindas: I have also to ask a question. Will the Honourable the Finance Minister kindly enlighten us as to what is the result of the Council of State's amendments as compared to our Resolutions, on the whole?

The Honourable Mr. W. M. Hailey: Sir, with your permission, I will give replies at once to these questions.

The first question asked was by Sir Sivaswamy Aiyer. He asked what was the effect of raising to nine pies the rate on letters. The result of this, Sir, will be a gain of 60 lakhs, but I can explain the matter best, I think, by saying that the net result of the postal arrangements now proposed in the amendments of the Council of State will be that we are 18 lakhs to the good over our Budget expectations, after, of course, allowing for post-cards, on postage alone. If that point is not perfectly clear, I should be quite willing to elucidate it further; but, taking it shortly, as the amendments of the Council of State stand, we are now 18 lakhs to the good on postage. As the original Bill passed by the Legislative Assembly stood, we were 48 lakhs to the good. Therefore our 48 lakhs on postage has been reduced to 18 lakhs, and I think, that is the clearest way in which I can describe the difference.

Then, Sir, as regards the second question of Sir Sivaswamy Aiyer, he referred, I think, to the question of proposed halving of the freight tax as applied to Inland Steamship Companies. The effect of that, this halving, Sir, is that we lose from 12½ to 15 lakhs.

Mr. Rangachariar's question, I think, was the same as the second question put by Sir Sivaswamy. If not, perhaps he will tell me.

Rao Bahadur T. Rangachariar: No. My question was different. If the surcharge is reduced, is the freight going to be increased? What is to become of the 1½ anna which you have reduced?

The Honourable Mr. W. M. Hailey: I can explain that. The 1½ anna we have reduced is a provision made in order to allow the Steamship Companies to increase their freights in order to meet their increased working charges. There will of course be no question of refund or anything of that kind. We simply, instead of taking 2½ annas on their freight, take 1½ anna, and the remaining 1½ anna is intended to be allowed to them in order to raise their freights with a view to meeting the increased working charges.

Mr. Vishindas put a question. Perhaps he would not mind repeating it as I did not take it down.

Mr. Harchandrai Vishindas: On the whole, what is the net result of the amendments of the Council of State as compared to our proposals financially, loss or gain, and how much?

The Honourable Mr. W. M. Hailey: The exact result will be, Sir, that on the Postal arrangements we shall be, as I have said before, 18 lakhs to the good. With regard to steamships, we are 15 lakhs down. We are therefore still 3 lakhs to the good.

Mr. Harchandrai Vishindas: But there are some other amendments also.

The Honourable Mr. W. M. Hailey: They are immaterial. They run to thousands of rupees and not lakhs. I think you may take it for granted that they are such that we can put them on one side for the purpose of our Budget calculations.

Mr. Harchandrai Vishindas: Sir, I don't know whether the Honourable the Finance Minister could reply to a question of this nature. He may not be able to reply. Supposing we were to reduce the postal rate from 9 pies to 6 pies per tola, taking all other suggestions of the Council of State as they are, what would be the difference? Perhaps the Honourable Mr. Hailey will answer that if the information is available.

The Honourable Mr. W. M. Hailey: If we did that, Sir, we should on the postal arrangements be minus Rs. 42 lakhs and on the steamship arrangements Rs. 15 lakhs. Rs. 57 lakhs on the whole.

Mr. T. V. Seshagiri Ayyar: May I rise to a point of order, Sir? As regards the postal rates, the ½ anna rate having been once disallowed by this Assembly, is it in order, now that the Bill has come back amended, for us to reopen the question and go back to the ½ anna rate? After the Finance Bill was discussed, the ½ anna rate was disallowed by a majority of the Assembly. The Bill went to the Council of State. The Council of State have made certain amendments in regard to postage rates. Is it open to us now to move that the rate which was disallowed by a majority of this House should be reintroduced?

The Honourable the President: Does the Honourable Member mean whether it would be possible under the rules to allow Members to raise a question which has already been discussed and voted upon here?

It would lead to considerable inconvenience if that rule were to be applied too strictly. I would point out to the Honourable Member that the position in which we are in relation to the amendments which have been sent down from the Council of State is that we should open rather a long process unless we can agree to the amendments as on the paper. On the particular point he raises, I should not like to give a final ruling at this moment; if he will raise it a little later, I will tell him what is the case.

Mr. B. Venkatapatiraju: The previous discussion was only with reference to half-an-anna for half-a-tola; the present question relates to half-an-anna for one tola, therefore no previous Resolution stands in our way.

Moreover, may I be permitted to point out, we have under 42. Petroleum, the words, 'intended for use exclusively as fuel'; supposing we add after the word 'fuel', 'or for lighting purposes' what would be the loss?

The Honourable Mr. W. M. Hailey: I am afraid I did not catch that, Sir.

Mr. B. Venkatapatiraju: It was suggested to reduce the tax *ad valorem* with reference to kerosene oil used exclusively as fuel. If we add 'or for lighting purposes', what would be the loss?

Mr. C. A. Innes: I might explain, Sir, with reference to this amendment. In 1910, when we introduced a tax of 1 anna 6 pies on mineral oils, it was decided that certain classes of very high flash point oils used for particular purposes, namely, for batching of jute, for lubricating purposes and high flash point oil used exclusively for fuel, or for sanitary or hygienic purposes, should be given a concession. It was decided that oils of this class, instead of being taxed at 1 anna 6 pies, should be taxed at 7½ per cent. *ad valorem*. Now the House will remember that we have raised the general *ad valorem* rate from 7½ per cent. to 11 per cent. Owing to this fact and owing to the rise in the value of some oils of these special classes we find that what was intended to be a preference in favour of these particular classes of oils has now become a handicap against them. It was an omission on our part which we regret we did not notice, for whereas we have always intended to give some concession to these oils, by the fact that we have raised the general *ad valorem* rate from 7½ per cent. to 11 per cent. we are handicapping these oils.

Then there is another point. Formerly when importers brought in oils of this class, the onus was on them of proving that they were entitled to the preference. Now that we have raised the general *ad valorem* rate to 11 per cent., it means that all lubricating and other high flash point oils which are valued at 14 annas an imperial gallon will not gain by being at 11 per cent. instead of 1 anna 6 pies. Therefore it will suit the importers to apply for the 1 anna 6 pies rate for these oils and the onus will be on the Collector of Customs of proving that these oils are the high flash point oils which should be taxed at 11 per cent. This point has been brought to our notice by the Collector of Customs, and what we have done is merely to restore the existing practice. We have made no change whatever. If you will compare the Bill as it has come down from the Council of State with the Bill as we sent it up to the Council of State, you will see that we have made absolutely no change except that these particular classes of oils are to be assessed at 7½ per cent. *ad valorem*, which they have always been assessed at. We have made no change of any sort or kind. The effect of that will be that we shall, of course, lose a little revenue—we estimate it may be Rs. 50,000. On the other hand, we shall continue the concession which has been in force now for 11½ years, and we are simplifying matters for the Collector of Customs. But the point I wish the House to realise is that we are merely continuing the existing practice.

Another point, Sir. This matter was brought to our notice by the Collector of Customs. What we intended to do was to place it before the Select Committee which was then contemplated; but it was decided that there should be no Select Committee and the Bill should be considered by the Assembly as a whole on Friday and Saturday, and I simply had not the time to put it before the House on Friday or Saturday, so we put it before the Council of State. We are making no change at all in the existing practice. We are continuing the preference which is given to these high flash point oils by allowing them to be assessed at 7½ per cent. *ad valorem* instead of at a specific duty of 1 anna 6 pies.

Mr. P. P. Ginwala: Sir, I rise to oppose this motion. Last week we spent a whole morning in debating more or less the same point which I am now raising. On practical grounds, and perhaps as a matter of tactics, the Honourable the Finance Member withdrew his Resolution—which I am certain would have been thrown out by the House—to refer that question to a

Joint Committee. I submit, Sir, that the point involved in to-day's amendments and in that proposition is exactly the same. From the attitude of the House . . . .

The Honourable the President: As a matter of order, the Honourable Member is quite wrong. The point in this motion is entirely different from the point in the motion to appoint a Joint Committee. The motion before the House is that the Assembly now take into consideration the Bill as amended by the Council of State.

Mr. P. P. Ginwala: I am arguing, Sir, that this House should not take the amendments into consideration at all. That is my point. The point, Sir, is one of principle. If we started on that day with the proposition that the Council of State was not to have any voice in Money Bills, then it follows that they ought to have no voice at all in the matter of making amendments which affect Money Bills. That, I think, is a principle which has never been disputed. The whole question arises as to whether the Council of State has got the power to touch Money Bills. I am not referring at all to what the powers are under the Government of India Act, at all. Assume, Sir,—and I am prepared to assume—that the powers of the Council of State in respect of all Bills are identical with the powers of this House. The question then arises, is this House to permit the Council of State to use those powers which this House considers ought not to be used by the Council of State at all? If once it is admitted that the Lower House is the only House where Money Bills are to be considered and to be passed, it follows, I submit, that no amendments could be made by the other House in connection with Money Bills, and I ask the House, therefore, not to allow this motion.

The Honourable the President: Those remarks are not in order on a motion of this kind. When the time comes for the revision of the constitutional powers of the two Chambers under the Government of India Act, the Honourable Member will have ample opportunity of expressing his opinion on that. The course of argument which he is pursuing is out of order on the present motion in view of the fact that all this motion requests the House to do is to take certain amendments into consideration.

Mr. P. P. Ginwala: Sir, am I not in order in asking this House to reject the motion on any grounds if it chooses?

The Honourable the President: No. Not on *any* grounds, only on relevant grounds!

Mr. P. P. Ginwala: Sir, I submit that this question is one of principle: as to whether this House should accept any amendments proposed by the Council of State affecting a Money Bill. Now look at it from this point of view. Even supposing that the Council of State has the power to interfere with a Money Bill, what is the result of the amendments that have now come before us? The Honourable the Finance Member has just explained to the House that in one instance the burden of taxation would be increased by 60 lakhs in connection with the Post Office. Now I put it to the House, is there any precedent in any other Constitution where the other House has the power to increase the financial burden of the people by 60 lakhs? I also submit that if the Council of State has that power, then it is the duty of this House to prevent that body from exercising such power, in the interests of the people.

[Mr. P. P. Ginwala.]

It has been argued that the relative position of this House and the Council of State is not the same constitutionally as that of the House of Commons and the House of Lords. I will put it this way. There is no difference at all between the relative position of our two Houses and of the two Houses of Parliament as it stood prior to the Parliament Act of 1911, but it was recognised that the House of Lords should make no amendments to a Money Bill at all. Therefore, I say that there is no constitutional difference at all between our position and the position of the House of Commons and the House of Lords as it stood in 1911. This House would, therefore, be perfectly justified in not entertaining any amendment whatsoever that came from the other House, especially if they had the effect of increasing the financial burden.

Then, Sir, are we going to do what was done in other countries? Are we going to fight every inch of our ground as regards the constitutional relations of the two Houses, in financial matters? Are we going to have the same struggle in this country as has been witnessed in other countries in relation to Money Bills, or are we going to profit by the experience of other countries and establish from the outset the constitutional practice by which the other House recognises that Money Bills appertain solely to this House and we recognise their equal status with us in respect of other Bills. As a matter of expediency, I should have expected the other House especially in view of the temper of this House on the last occasion to have considered that it would have been better for it not to have tampered with this Money Bill. Sir, even if I am alone I shall oppose these amendments on Money Bills year after year until the principle is recognised that the other House has no voice whatever in the matter of taxation.

I think I have heard it suggested that it would be better if less time were taken up to-day in order that Honourable Members might not be put to the inconvenience of sitting here longer than is necessary. I for one do not think that there is any substance in that ground. The question is, 'are you prepared to sacrifice a constitutional principle, if one is involved, merely on the ground of personal convenience?' I am willing to stay here for one week, one month or even one year if it becomes necessary for me to stay in order that the principle may be established, and, at least, I hope there are some Members amongst us who attach sufficient importance to a principle of this sort, not to be influenced by considerations of a personal nature. I beg the House to look at the points involved purely as a question of principle and to reject this motion as it stands.

Sir P. S. Sivaswamy Aiyer: Sir, I do not wish to make a speech but I should like to have a point on which I am not quite clear, explained.

Supposing we proposed that the rates of postage on letters be put back at the current rate of half an anna for weights not exceeding 2½ tolas and supposing, also, we proposed that the surcharge on traffic by inland steam vessels be at the rate of 2 annas 6 pies for every rupee of freight like the charge upon railway traffic; would the loss arising out of the reduction on the postage rate be made good, and, if it is not likely to be made good, would the loss, such as it is, be a matter of concern? I believe the Honourable Member stated in another place that he would have a balance of something like 40 lakhs at his disposal, and that he would rather like to have it. If the loss arising on the reduction of the postage on letters not exceeding 2½ tolas is

made good, it will be all right. But if it is not made good, can Government stand the loss? The answer to this question will determine our attitude in regard to the amendments to be put.

The Honourable Mr. Hailey: I would ask the Honourable Member if he was correct in saying if he proposed half anna for 2½ tolas. I suppose he meant half an anna for one tola.

Sir P. S. Sivaswamy Aiyer: Half an anna for one tola, I should like the current rate to be maintained.

Mr. Eardley Norton: Sir, before the Honourable the Finance Member answers Sir Sivaswamy Aiyer's question, I should like him to answer the question which I will now put. I am very bad at figures, but I may have to vote and I should like to understand the position. I gather the Honourable Finance Member has said that the net result of the amendments made by the Council of State yesterday with regard to the postal rates is, that we are now 18 lakhs to the good; and that the amendments made by the same Council as to goods carried by inland steam vessels would result in a loss of from 12½ to 15 lakhs and the net result, if these amendments are accepted, will be that we shall be 3 lakhs to the good.

May I request the Honourable Member to inform me what the effect would be if the House restored the surcharge on the freight goods carried by the inland steamship vessels to an equality with the railway freight, and allow the postal rates to remain on the same footing as they have been passed by the Council of State?

Makhdum Sayed Rajan Bakhsh Shah:* Sir, the postcard is mostly used by the poor people, hence postage for a card has not been raised to an anna. What I would submit is, that many poor people also make use of the [half an anna] postage envelope within the (authorised) tola weight. Hence the charge up to a tola should be 2 pice. If this be not agreed to, then I would make the following alternative proposal. That the rate up to 9† *mashas* be 2 pice, three pice for 9† *mashas* to a tola and one anna for one to 1¼ tolas.

† ¼ of a tola.

Mr. Harchandrai Vishindas: May I rise to a point of order, Sir?

The Honourable the President: I think the Honourable Member had better reserve his remarks till we come to deal with the postal rates. He will then be able to explain the exact schedule which he wishes the House to adopt.

Chaudhuri Shahab-ud-Din: May I, Sir, with your permission, ask one question of the Honourable the Finance Member? If the present postal rates were retained in the case of Registered Newspapers.—I mean the rates that are now current—by how much will the revenue suffer as compared with the rates proposed by the Council of State?

The Honourable Mr. W. M. Hailey: I will take the last part of Question 1, first, because it is the simplest. There is a difference of Rs. 3 lakhs. That is, we are losing by the amendment of the Council of State Rs. 3 lakhs in respect of newspapers. Now, Sir, with regard to Sir Sivaswamy Aiyer's question, he would like to go back to the half anna rate for one tola. That would mean, Sir, that we shall lose Rs. 42 lakhs. That is, we will then be Rs. 42 lakhs down in the Budget on that alone. I am taking the Budget as the datum line

* Translation of a speech delivered in the vernacular.

[Mr. W. M. Hailey.]

throughout. Then, if we restore the steamship rates, we get a betterment of Rs. 15 lakhs. That makes Rs. 57 lakhs. Have I made that clear, Sir? I shall repeat what I have said. The restoration of the half anna rate for one tola would put us down Rs. 42 lakhs. The proposals of the Council of State in regard to the Steamship Companies would put us another Rs. 15 lakhs down. If you reject the amendment of the Council of State in regard to the Steamship Companies, you will then remain only Rs. 42 lakhs down. I am asked, Sir, whether it would be possible for us to do without this 42 lakhs. I say I should prefer not to try such an experiment.

Mr. Eardley Norton: Will the Honourable Member kindly answer my question? I do not think it has been answered. Leave the amendment of 9 pies for letters made by the Council of State alone. Leave it at 9 pies, and make the inland steam-vessels revert to the position they occupied by our decision on the Revenue Bill. What will be the result?

The Honourable Mr. W. M. Hailey: Rs. 3 lakhs up, Sir.

Dr. H. S. Gour: What will be the result, Sir, if we resort to a letter postcard of half an anna and the rest of the Government proposals as regards postage stand? How should we then stand financially?

Mr. C. A. Innes: May I ask the Honourable Member to repeat his question?

Mr. Amjad Ali: May I rise to a point of order, Sir? That is not the point now before the House. The point is to consider the amendments passed by the Council of State.

The Honourable the President: Order, order. Questions of this nature are in order at this stage. It is quite true that it would be more in accordance with the letter of our Rules to rule such questions out of order and to insist on their being put on each of the amendments of the Council of State as they are put from the Chair. The spirit of the Rules prompts me otherwise. It is quite clear that the House will not be able to deal effectively with the amendments unless it knows what will be the change in the financial position as a result of the amendments moved by the Council of State. I therefore allow these questions to be asked because with the answers the Assembly will be in a better position to vote on these amendments.

Mr. H. E. Spry: Sir, I understand Mr. Norton's question to be this. Assuming that the proposals of the Council of State regarding postage are left intact, but that the surcharge in the case of inland steam-vessels is restored to the full amount proposed by this Assembly, what will be the resulting financial position? I understood the Honourable the Finance Member to say that we shall be Rs. 3 lakhs up. But if I have understood Mr. Norton's question aright, and also the figures given by the Honourable the Finance Member, I suggest that the right answer is, we shall be Rs. 18 lakhs up. I understand that we gain Rs. 18 lakhs by raising the postal rates, *i.e.*, by accepting the Council of State proposals. We lose 12½ to 15 lakhs by reason of their reduction of the rate of surcharge. The balance resulting from the Council of State's proposals will therefore be *plus* 3 lakhs. But Mr. Norton proposes, if I understood him correctly, that the rate of surcharge passed by this Assembly should be restored. In that case the *minus* 12½ to 15 lakhs goes out, and we are left with a surplus of Rs. 18 lakhs. I should like to know from the Honourable the Finance Member if this is correct.

The Honourable Mr. W. M. Hailey: I am afraid, Sir, that I did not very clearly appreciate Mr. Norton's question. The figures now put to us are correct, Sir. Might I rise, Sir, to make a suggestion? I see the difficulty of the House in dealing with these matters. They want the fullest information possible. If it is in order, Sir, I should like to put forward a proposal that the House now adjourns for a brief period while I answer any questions that Members may desire to ask me with regard to the financial effect of the amendments made in the Council of State. They will then be in a better position to judge of those amendments. At present, Sir, it is necessary for me to give answers somewhat hurriedly; and records of the House will be burdened with a good deal of conversational matter which will not greatly add to their value.

The Honourable the President: A motion for an adjournment of the debate is of course in order. The period desired by the Honourable Member carries us to within half an hour or so of the usual noon adjournment. But I take it that he wishes to have an adjournment at once even though we shall have only a short debate on resuming before noon adjournment.

The question is :

'That this debate be now adjourned for one hour.'

The motion was adopted.

The House then adjourned for One Hour.

The Assembly re-assembled at Ten Minutes Past One of the Clock. The Honourable the President was in the Chair.

Mr. P. E. Percival: Sir, I beg to request that you will give your ruling on a question of procedure, which, I think, will be valuable to the House. The question is rather premature; but I think that the Assembly would like to know what exactly they are letting themselves in for if there is a conflict between the two Houses. What I ask is this: If this Assembly makes certain amendments in the Finance Bill, and the amendments go back to the Council of State, and if the Council of State does not agree to the amendments made by this Assembly, would you, Sir, inform the Assembly what would be the practical result, as regards the rapidity with which the Bill can be disposed of, or the delay which will be involved thereby. I imagine, Sir, that a joint sitting could not be held for a period of six months.

The Honourable the President: If one of the Chambers fails to pass a Bill passed by the other Chamber, the Governor General may convene a joint sitting for the purpose of solving the deadlock, after the lapse of six months. I find no provision in the rules or Standing Orders which will enable him to exempt the Finance Bill from that proceeding and convene a joint sitting at once. Therefore, in view of the circumstances a joint sitting falls out of consideration altogether. If that is the case and if, as the Honourable Member has put the case, either Chamber fails to agree with the other on the amendments made in the Bill, then the Bill itself either lapses or passes to the Governor General who will take action under his constitutional powers.

Debate will now resume on the original question that the amendments made by the Council of State in the Indian Finance Bill be taken into consideration.

Mr. J. Chaudhuri: I have given some anxious thought to this constitutional question and I have come to the conclusion that it is quite competent for the Council of State to amend the Money Bill after it has been considered

[Mr. J. Chaudhuri.]

by this House and sent up to them in due course. I shall briefly state that the practice in the House of Commons has been that no Money Bill may be amended by the House of Lords. It has also been stated by the highest authorities on constitutional questions, such as Lord Courtenay, that the Colonial constitutions were founded on the same analogy. But going into the Colonial constitutions we find that a controversy in respect of Money Bill between the two Houses raged in Victoria from the year 1864 up to the end of the last century . . . .

The Honourable the President: I have already ruled that any substantial argument on the constitutional position of the two Chambers will not be permitted in this debate. A question of that sort is of such importance that it must be raised in another fashion. It cannot be brought in by a side wind on such a motion as is now before the Assembly.

Mr. J. Chaudhuri: I was only explaining the constitution that has been framed by the Joint Committee in order to avoid conflicts taking place between the two Houses. They have provided that although the Upper House has no power to deal with the Budget or demands for grants, they may deal with a Money Bill in the same way as ordinary Bills. Now they have amended the Bill which has been passed by this House and it has come back before this House and the constitutional principle is, that the voice of the lower House must ultimately prevail. The Joint Committee have provided that in case there is a difference of opinion between the revising Chamber and this Assembly there should be a joint sitting of both Houses and as we, the peoples' representatives, are in a majority in this House our views must ultimately prevail. This was the principle which was enunciated by Sir Michael Hicks Beach with regard to the controversy in the colonies. It was, that the voice of the lower House, *i.e.*, of this Assembly, shall prevail and I presume that the Joint Committee have recommended a joint sitting for the purpose of obviating the difficulties that had arisen in the colonies. So I say, that the procedure adopted now is constitutionally regular and we may accept the amendments of the other House or reject them. The ultimate result remains that if we reject them, in case we cannot come to a settlement which will be satisfactory to both, then it will be for the Governor General to adopt the course provided for in the constitution.

Sir P. S. Sivaswamy Aiyer: I should like the House to approach this question from a practical point of view. This is a taxation Bill and we are now nearly at the end of the month of March. We were unable to agree to a joint committee. We considered the Bill here and sent it up to the other House. The other House has made certain amendments and referred the Bill back to us. Now the courses open to us are these. We may accept the Bill as amended by them or we may make certain further amendments and send it up to them. Now I understand that there are many Members who feel dissatisfied with certain of the amendments which have been passed by the other House. Now the question is, what course are we to pursue. I think it will be obvious that the course which we should pursue must be the one which offers the least impediment in the way of the speedy passage of this measure. Now supposing that we send up amendments which are in turn likely to be unacceptable to the other House, that House may insist upon its own amendments or may make further suggestions and send it back. In that case I do not think it will be possible for us to reach an agreement before the end of this month. Then as

regards the further solution of the difficulty, a joint sitting is out of the question as pointed out by the President. A joint sitting being impracticable, there are two courses. We may allow the Bill to lapse, but we cannot do so in the case of a Finance Bill. The other course is to report the matter to the Governor General, but are we prepared, in the very first year of our existence, to make a report to the Governor General that we are unable to settle a matter like this in a manner acceptable to both Houses and that we cannot work the constitution without friction? And is it right that we should ask the Governor General to intervene and exercise his powers of settlement on the ground that it is not possible for us to come to a reasonable settlement ourselves? I for one would strongly deprecate any such course and I should very much like that we should hit upon some other solution which would save the unpleasant necessity of a report of that kind to the Governor General. Then what other course is left to us which may meet the wishes of this House and may not meet with any opposition in the other House? So far as I have been able to ascertain, the point upon which our friends here have been most exercised in their minds is the increase in the postage rate on letters not exceeding one tola to 9 pies. Now, it is felt that the privilege of sending letters for 6 pies which is now enjoyed by the poorest people should not be taken away from them, and that, if possible, it should be continued to them, even though you may reduce the weight of the letter which it is permitted to send for the 6 pies. Supposing you introduce another class for a weight not exceeding half a tola—6 pies, and leave all the rest of the schedule unaltered, I think it will meet the wishes of all the gentlemen who have felt concerned about the increase in the postage rate.

This will involve, we are told, a loss, a deficit of 27 lakhs (Cries of 'No, 20 lakhs') or 20 lakhs, whatever it may be. I do not wish to commit myself to any figures the accuracy of which may be called into question by the Treasury Bench. Now, if possible, we should endeavour to make that good. The only way in which, it seems to me, it can be made good is by interfering with the proposal of the other House to reduce the surcharge on traffic by inland steamers. But I would ask the House not to interfere with it. In the first place, the other House seems to have had some good reasons for reducing the rate of surcharge on traffic carried by inland steam vessels. I do not know whether it is necessary for me to enter upon any lengthy explanation of that matter. At one time I myself thought that it would be better to have a uniform scale of surcharge for both kinds of traffic. The Honourable the Finance Minister, with whom I had a talk a few minutes ago, tells me that our original proposal would work an injustice or hardship to the inland steam-vessels. Now this view which has commended itself to the Honourable the Finance Minister, must have commended itself to the other House also, and that must be the reason why they made this amendment. If we interfere with this amendment and send it back to the Upper House, it is possible they may not be willing to accept our restoration of the original rate, and they may continue to differ from us. That, I think, would land us in an *impasse*. Perhaps the best solution will be to leave the question of surcharge alone at the point where it is in consequence of the action of the Upper House. As regards this loss of 20 lakhs or whatever it may be which arises from the alteration of the postage rates, leave it to the Finance Department to do what they can to meet the deficit by savings elsewhere. I propose this for the consideration of the Honourable the Finance Minister. Now, if we do this and confine ourselves only to this step and do not touch the other

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things, I do not think that the Upper House will object to this concession which we desire to be made to poor people with regard to letters not exceeding half a tola in weight.

Other proposals have been made in the course of our informal discussions, but I think that they are not likely to commend themselves to the general sense of the House. Various alternative proposals have been put forward. One that I have heard is that the tax on kerosene oil may be raised. I can assure you that it would be a most unpopular tax to add anything to the duty now leviable on kerosene oil. The dealers are sure to increase the price by more than the amount of the tax which will be levied and the use of kerosene oil has so extended to all the rural parts of the country that the addition in price, which will be greater than the addition to the duty, will come home to the poorest of our people.

Another suggestion which has been made is, that we should go back upon our decision to levy only 11 per cent. by way of customs duty and make it 12½ per cent. That again, I think, will not commend itself to the Members of the House generally. There is likely to be a difference of opinion, and none of these solutions can possibly commend themselves to the House generally. Therefore my own feeling is, that if we attempt to interfere with the Bill as amended by the Upper House, our interference should be restricted to introducing a half-anna rate of postage for articles not exceeding half a tola in weight. No doubt there are technical difficulties which are likely to be brought forward by the Postal Department. They will perhaps require scales and weights for weighing half-tola letters and one tola letters, and so on; and having regard to the large number of letters which are transmitted through the post, it is quite possible that there may be a very sensible addition to the burdens of the Post Office. But taking all things together, it seems to me that if we are to interfere at all, that is the only direction in which we can interfere and I would ask the House to approach the question from a practical point of view and see that the Bill is carried through before the session closes.

Mr. Harchandrai Vishindas : Sir, while endorsing all that has fallen from Sir Sivaswamy Aiyer, I have only to add a few words. As to the process through which we shall have to go in the event of our disagreeing from the amendments that have been sent forward, as he said, the result will be that the matter will be referred to the Viceroy. In addition to the fact that we shall be thereby sacrificing our dignity a great deal, we shall also be putting the new Viceroy in a very embarrassing position. If it were an old Viceroy who had been here some time it would have been a different matter. But, considering that Lord Reading has been delivering very nice speeches of affection towards India and of being very anxious to do justice and equity and all that, I think we should rather not put him in that position at all, and also not show to the new Viceroy that we are unbusinesslike, that in the very first year of our existence we have brought about a deadlock and *impasse*. That is a very serious consideration.

Then, the only other point I want to make is, with regard to the remarks of Sir Sivaswamy on the Inland Sea Customs Act. Now, it is true that I was one of those who opposed the reduction of that tax as originally proposed in the Budget. And if I also agree with the remarks of Sir Sivaswamy on that head, it might be said that I am guilty of inconsistency.

However, I think we are obliged to be inconsistent to a certain extent in some of the things we are going to sanction to-day. I mean we were very strong on the last occasion upon 1 anna for the first tola and 1 anna for every other tola of postage. That position we are going to recede from, as it were, without the least struggle. On the contrary, we have to get ourselves reconciled to the new tariff that has been proposed by the Council of State, namely, 9 pies for the first tola and 1 anna for a weight exceeding 1 tola but not more than 2½ tolas. I think we came to the conclusion the other day on the postage in the same frame of mind as on the tax on inland steam vessels. We should not be charged with inconsistency by reason of the attitude we are adopting to-day in either case, and for one very cogent reason. We had to finish the business on that day and when we left the House we sounded public opinion, and public opinion was to the effect that we had committed a mistake in having 1 anna for every additional tola. Likewise, it was said that the case which had been put forward in regard to inland steam vessels was a very strong case and that we did not come to a right conclusion on it. For that reason, and for the reason that Sir Sivaswamy has shown, in order to have no kind of *impasse* or deadlock, and in order to show that in the first year of our existence we are adopting a businesslike attitude, I would entreat the House to accept the proposal made by Sir Sivaswamy Aiyer.

The Honourable Mr. W. M. Hailey: If I may say so, Sir, I rejoice that Sir Sivaswamy Aiyer has recalled us to the practical question. It is all to the good that he has refrained from pursuing that controversy on the purely constitutional question which was again revived this morning. There may be some die-hards here who believe that we can, of our own volition, alter a constitution laid down by Parliament. There may be others, Sir, who would like to see that altered in the future; but it is obviously necessary for us to take the constitution as we have received it and work it, as Sir Sivaswamy Aiyer said, with the least possible exhibition of friction at its very initiation. The immediate problem before us is to consider the steps that we should take in order to get our Finance Bill through in some form or other without further delay, and I follow him in believing that if the House were to make any substantial additions or subtractions in the case as sent by the other Chamber, then, there would be very serious risk of delay indeed; the alternatives which the rules provide for the solution of any such difficulty of that nature have been already pointed out and are so undesirable that I need not dilate on them here.

Now, Sir, what Sir Sivaswamy has proposed to us is that we should accept a change in one item only, one item which, he thinks, would be acceptable to the other Chamber, namely, half an anna for a half tola letter. As he says, that would cost us Rs. 20 lakhs as against the sum we expect to realise from the Bill in the form it has come down to us. Now, whatever happens, this House cannot escape some charge of inconsistency. The House will remember that on a previous occasion it deliberately voted against the half anna half tola letter. I do not of course take the unreasonable view that this House should not, when it finds that it is in error, change its opinion just as any other person or any other assembly, collection of persons, might do. But we ourselves, on the Government side, value our reputation for consistency: other people sometimes call it obstinacy, but we like to maintain to think of it as consistency. I am not therefore going to pretend here, just as I was unable to pretend in the other Chamber, that the half tola half anna letter is the right solution of

[Mr. W. M. Hailey.]

our postage difficulty. I thoroughly believe that for administrative purposes—and when I say for administrative purposes I mean really the convenience of the public—it is entirely the wrong solution. I argued against it before; my friend Mr. Innes argued against it; I argued against it again yesterday, and with success, in another place; and I am prepared once more to argue against it here also. I am not going to, and my friends here equally with me will not abate one jot or tittle of the objections what we believe to be a retrograde step, the resort to the half tola half anna postage. On the other hand, the House very obviously wishes to see it reintroduced.

How are we to meet this situation? Like Sir Sivaswamy Aiyer, I want to get this Bill through, and I want to get it through in the only way in which I think it can be got through, and that is without alterations of any kind whatever. I do not propose, consequently, that we should introduce an amendment, as suggested by Sir Sivaswamy Aiyer, providing specifically for half tola half anna, I propose to ask the House to pass this Bill exactly in the form that it has come down to it from the other Chamber; but I propose to state at the same time that, in view of the fact that the rates are maximum rates provided in the Act, Government, in order to meet the objections now felt by this House—I think inconsistently, but still felt, and felt strongly by the House—should, under executive order, introduce the half tola half anna postage.

The House has shown itself willing to show consideration to the new Viceroy; the House is willing to change its former attitude on the subject in consideration of the feelings of the public; in short, the House is unwilling to go back to its constituencies and confess that it has taken away from the ordinary man the half anna half tola postage. The one person who receives no consideration at all in this matter is the Finance Member. By accepting this proposal we shall be Rs. 20 lakhs down on the figure we expected to realise.

Well, Sir, if the House accepts this solution, then, I must retain the right to come to it subsequently and ask it to make up the loss in some other way. We are dealing with a matter of figures; and if the provision made now proves in the course of the year to be insufficient, I must come back to the House and rely on it finding some other way to make up the loss involved. Meanwhile, I propose to accept that loss in order that we may enable the House to go back to the country without having to meet the charge that it has deprived people of the half anna letter. I said that we should have no amendment, but my friends warn me that it would be simply to omit from the Act the words—'for a weight not exceeding 1 tola, 9 pies' we on our part undertaking to give the country a half tola half anna postage.

Mr. T. V. Seshagiri Ayyar: Sir, not only this Assembly, but I believe the whole country will receive with feelings of joy the announcement which the Honourable the Finance Member has made. I would not put it down to inconsistency; I would say that he has respected public opinion. It is not that he has gone back on anything that he has said, but simply has found it necessary to respect the opinion which has grown up in this Assembly, and also the considerable volume of opinion which has grown, since the last session, in the country outside.

Sir, one word of explanation is necessary as regards the question of inland steam navigation companies. On the last occasion we were of opinion that the Government did not crystallise its offer and when they informally offered us, it

was, as a matter of fact, not accepted by Mr. Pickford. This Assembly was of opinion that we had no option but to insist upon accepting what the Government had resolved upon. If Mr. Pickford had accepted the offer made by the Government, we would probably have been in a position to vote with him. Therefore we are not really acting inconsistently in accepting the amendments of the Council of State, and, as has been pointed out by Sir Sivaswamy Aiyer and the Honourable Mr. Hailey, it is absolutely necessary that there should be no deadlock in a matter like this. In these circumstances I would advise the Assembly—and I think it is my duty to tell this to my friends,—that we must accept the offer now made by the Honourable the Finance Member to avoid friction.

Mr. N. M. Samarth: Sir, it is gratifying to me to find that the opinion of this Assembly has crystallised against creating a deadlock. Honourable Members of this Assembly will probably remember that when I, in the early days of this session, introduced a motion upon another subject, the Honourable the Finance Member told this Assembly that it had indirect powers to bring the Government to book if its policy is not acceptable to the House and asked this Assembly to make use of those powers rather than accept the Resolution I had brought forward. I said then that I would be the last person to favour a course which would lead to a deadlock,—a remedy which was distasteful to me. Therefore, it is very gratifying to me indeed to see that the Honourable the Finance Member has thought fit to appeal to the House not to cause any friction or to bring about a deadlock in the matter of his Finance Bill.

Mr. J. P. Cotelingam: Sir, in the pronouncement made by the Honourable the Finance Member, though the great disparity in the postal rates between the weight allowed for 9 pies and that allowed for one anna has not been removed, I hope the undertaking given by him will be received cordially by the House. I am glad the desire expressed, not only in this House but throughout the country, has to some extent been met by the Honourable the Finance Member. To follow the line of least resistance, I welcome the executive action suggested though I would like to see the half anna postage for one tola retained.

The Honourable the President: The question is:

'That the Finance Bill be taken into consideration.'

The motion was adopted.

The Honourable the President: The following are the amendments:

'1. At the beginning of sub-clause (1) of clause 2 the words 'with effect from the first day of March, 1921' have been inserted, and at the end of that sub-clause the words 'and such substituted Schedule shall take effect from the first day of March 1921' have been omitted.'

The amendment was adopted.

The Honourable the President:

'2. For clause 4 of the Bill the following clause has been substituted, namely:

'4. With effect from the first day of April, 1921, for the first Schedule to the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, the Schedule contained in the fourth Schedule to this Act shall be substituted.'

The amendment was adopted.

The Honourable the President:

'3. In item 5 of the Schedule to be substituted in the Indian Tariff Act, 1894, after the words 'Pearls unset' the words 'and imported unpierced' have been added.'

The amendment was adopted.

The Honourable the President:

'4. For item 41 the following items have been substituted, namely:

'41. PETROLEUM, including also naptha and the liquids commonly known by the names of rock oil, Rangoon oil, Burma oil, kerosine, paraffin oil, mineral oil, petroline, gasoline, benzol, benzoline, benzine and any inflammable liquid which is made from petroleum, coal, schist, shale, peat or any other bituminous substance, or from any products of petroleum, but excluding the classes of petroleum included in No. 42.	Imperial gallon.	One anna and six pies.

NOTE.—Motor spirit is liable to an additional duty of six annas per gallon under Act II of 1917, as amended by Act III of 1919.

'42. PETROLEUM, which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer, and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively for the batching of jute or other fibre, or for lubricating purposes, and petroleum which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively as fuel or for some sanitary or hygienic purposes.'	*ad valorem*.	7½ per cent.

The amendment was adopted.

The Honourable the President:

'5. For item 73 the following item has been substituted, namely:

'73. All sorts of animal, essential, mineral and vegetable non-essential oils, excluding petroleum as defined in Nos. 41 and 42.'

The amendment was adopted.

The Honourable the President:

'6. In item 81 after the words 'imported cut' the words 'and pearls imported pierced' have been inserted.'

The amendment was adopted.

The Honourable the President:

'7. At the end of item 83 the words and figures 'and articles made of silk (see No. 132)' have been added.'

The amendment was adopted.

The Honourable the President:

'8. In item 85 after the word 'lorries' and before the word 'chassis' the word 'namely' has been inserted.'

The amendment was adopted.

The Honourable the President:

'9. In item 87 after the word 'cutlery' the words and figures 'excluding electroplated cutlery (see No. 127)' have been added.'

The amendment was adopted.

The Honourable the President:

'10. In item 98 after the words 'Haberdashery and Millinery' and after the word 'Hosiery' the words and figures 'excluding articles made of silk (see No. 132)' have been added.'

The amendment was adopted.

The Honourable the President:

'11. Item 105 has been omitted.'

The amendment was adopted.

The Honourable the President:

'12. After item 135 the following item has been inserted, namely:'

'136. Jewellery and Jewels.'

The amendment was adopted.

The Honourable the President:

'13. In item 137 the word 'including' has been omitted.'

The amendment was adopted.

The Honourable the President:

'14. The items of the schedule from 42 to 105 and from 136 to the end have been re-numbered and the necessary consequential amendments have been made.'

The amendment was adopted.

The Honourable the President:

'15. In Schedule III to the Bill for the entries under the heads 'Letters' and 'Registered newspapers' the following entries have been substituted, namely:

'Letters.

For a weight not exceeding one tola	Nine pies.
For a weight exceeding one tola but not exceeding two and a half tolas	One anna.
For every two and a half tolas or fraction thereof exceeding two and a half tolas	One anna.

[The President.]

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas or fraction thereof exceeding twenty tolas	Half an anna.'

Dr. H. S. Gour: Sir, it is in connection with this amendment that is proposed and which, I believe has met with the universal acceptance of this House, that I wish to say a few words.

In the first line, should not 'for a weight not exceeding one tola..... 9 pies' be omitted altogether and the rest stand as before?

The Honourable the President: As regards the necessity for amending this amendment, the Honourable the Finance Member has pointed out that he proposes by executive action to meet the House in that matter. In that case there is no necessity to make any amendment in the amendment made by the Council of State in view of the fact that it imposes only the maximum rates. If I am mistaken in the matter, the Honourable the Finance Member will correct me.

The Honourable Mr. W. M. Hailey: The figures that are mentioned in the amendment are under section 7 of the Post Office Act our maximum figures, and we can therefore introduce the half tola half anna rate instead of the entry in the Schedule. It will be exceedingly awkward, I admit, to have both the half tola half anna and one tola nine pies rates. And in spite of very obvious administrative objections that do arise, I would put it to the House that on the whole the best course is to pass this without further amendment and let us introduce the half tola half anna by administrative action.

The Honourable the President: The question is, that this Assembly doth agree with the other House in this amendment*.

The motion was adopted.

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*'15. In Schedule III to the Bill for the entries under the heads 'Letter' and 'Registered newspapers' the following entries have been substituted, namely:

'*Letters.*

For a weight not exceeding one tola	Nine pies.
For a weight exceeding one tola but not exceeding two and a half tolas	One anna.
For every two and a half tolas or fraction thereof exceeding two and a half tolas	One anna.

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas or fraction thereof exceeding twenty tolas	Half an anna.'

The Honourable the President :

' 16. The following has been inserted as Schedule IV to the Bill, namely :

SCHEDULE IV.

Schedule to be substituted in the Freight (Railway and Inland Steam-vessel) Tax Act, 1917.

[SEE SECTION 4.]

SCHEDULE I.

[SEE SECTION 3.]

1	2	3
Goods.	Unit or method of taxation.	Rate of tax.
All goods (including goods carried by coaching traffic) other than food grains and pulses, firewood and fodder.	Per rupee of net freight payable.	Two and a half annas in the case of goods carried by a railway; and one and a quarter anna in the case of goods carried by an Inland Steam-vessel.'

The question is :

' That this Assembly doth agree with the other House in this amendment.'

Mr. B. Venkatapatiraju : Sir, when there is so much harmony, I should not like to stand up to sound a discordant note. But the Honourable Mr. Hailey has well pointed out that there may be some die-hards. Now, Sir, we need not die in the first trench out of fright. Let us fight to the end. The question now is this. If we have to interfere with reference to the Schedule anywhere, the Honourable Mr. Hailey says that we will not have the advantage of half an anna for half a tola which he proposes to give by executive action.

The Honourable the President : Order, order. The Honourable Member cannot speak about postage.

Mr. B. Venkatapatiraju : He says that any change in the Schedule will create a deadlock. Therefore, whenever this Assembly passes any Resolution with reference to the Finance Bill and arrives at a certain figure, if it goes to the Council of State and if it changes, modifies or even alters the figures, and if we want to touch it again, then according to the present understanding the House will be creating a deadlock. I respectfully submit, Sir, that that is a very awkward position to be taken up by this House. So far as this Schedule is concerned, Government on a previous occasion intimated, on the proposal made by Mr. Pickford, that they are agreeable to this. But then it was not acceptable to the other House. We said—those who opposed this Resolution have said on that occasion that we should not give any portion of the surcharge created for financial purposes to any other private companies. We said that we should not do any such thing. Immediately afterwards, Sir,

[Mr. B. Venkatapatiraju.]

that very evening, if you had noticed it, the Secretary of State has clearly stated that the increases made on the freight charges are solely to meet the financial situation and not at all to meet the Railway deficit. Now, what is suggested in this Schedule is that instead of charging 2 annas 6 pies as they do for railways, a rate of 1 anna 3 pies is suggested for inland steam-vessels in order to enable those companies to increase the freight by 1 anna 3 pies. Perhaps that is the object with which this suggestion of reduction is made. Now, Sir, like the suggestion of not increasing above the half tola half anna rate by executive action, is it possible that the steam-ship companies, as suggested by some in the morning, would not increase the freight? If they do not increase the freight, we do not grudge any decreased charges on that account. But I submit, Sir, if they were to utilise these reduced rates in order to increase their freight, it is practically imposing 2½ annas of surcharge and giving it to Government not directly but indirectly. Sir, the House need not be anxious that we are creating deadlocks. The Viceroy is sufficient in order to avoid any such thing. If you feel and if you are convinced that a certain thing is not acceptable to your conscience, you need not be anxious that you will be regarded by some as die-hards. You must exercise your own judgment and do whatever you think fit.

The Honourable Mr. W. M. Hailey: Sir, I quite agree with Mr. Raju that the House ought not in any case to be so apprehensive of producing a deadlock that it ought to vote against its conscience on any matter. As a Member of this House, I should equally refuse, merely because I was afraid of creating a constitutional deadlock, to vote against my conscience. But I do not think a case of conscience really arises here, in the sense suggested by the Honourable Member. I will give—and I think I ought to give the House again—the reasons why we on our part some days ago agreed to charge on traffic carried by inland steamship companies only half the surtax that we proposed to place on railway traffic. I feel that it is due to the House that this proposal, which involves the surrender of a certain amount of potential revenue, should be explained and justified to it. Now, Sir, what are the exact circumstances? They are that you have the Railways in close competition with inland steam-vessels. They both, I understand, take the same kind of traffic, and their rates must consequently compare with railway rates. I would add that in competition with both of them you have country boats. Now, we have found it necessary to put a tax on railway freights. We wanted money largely to make up the decreasing profits of our Railways and to allow us to spend more on their necessary repairs. So, Sir, if we take that tax from the Railways, we are to a certain extent at all events putting it back to the Railways, if not the whole, then certainly a considerable part of it.

The traffic carried by inland steamship companies paid the old surtax, but it was so light that it made no very great difference to them; what we now propose is a substantially heavier surtax. They, like the railways, find that their working expenses have increased and in ordinary circumstances they would raise their rates (as they have every right to do) in order to meet these increasing charges. But, as I have said, they are in competition with railways, and this fact limits their power of raising their rates. Take a unit of freight, say a big figure of Rs. 100, as this is simplest for purpose of calculation. We may for present purposes assume that this unit of freight is practically the same on the steamship companies and on the railways. We

are proposing to put some 15 per cent. roughly on to the railway freight, thus making it 115. If we put 15 per cent. on the steamship freights also, their freights will also be Rs. 115. Thereby, we now make it practically impossible for the steamship companies to take any extra freight in order to compensate them for the increasing charges which they must meet in order to carry their traffic; if they did so, then they would have to raise that Rs. 115 to a much higher figure, that is, substantially above the railway rates. It is to that extent that we prevent them meeting the extra charges due to increased working cost. Now, when we considered the case before, I said that we agreed that we ought to take only half in the case of the inland steamship companies of what we take in the case of the railways thus allowing scope for a legitimate increase in inland steamship freights. I admit that that compromise was not accepted at the time. It was not thought to be sufficient, but in spite of this proposal, I nevertheless do not in my mind recede from the position that we should certainly be doing an injustice to the steamship companies if we took an equivalent surtax on steamship and railway freights. Some Honourable Members have argued as though we were giving a refund. No refund is of course proposed; we are only reducing the total amount we might otherwise have taken. It is claimed on behalf of the inland steamship companies, that as we take nothing from the country boats we should place no surtax on freight carried by the steamship companies. Well, Sir, our justification for taking this surcharge is the precedent we have already established in the case of the existing small surtax. But the House will realize that this is an important additional argument in favour of the view that I am putting before it in regard to taking from steamships only half the railway surtax. The House will remember, also that when as we expect to do, we substitute a revised goods rate on our railways for the surtax, then we shall have no reason for maintaining this charge on the steamship companies. That fact in itself again enforces the view which I am putting before the House.

Mr. Eardley Norton: Something has been said to-day about conscience and a great deal has been said about consistency. It is not for me to say whether I suffer either from conscience or from consistency, but if I do I am not the only person who is amenable to that charge. I remember, during the debates upon the Budget, that the Honourable Finance Member made an offer to my Honourable friend, Mr. Pickford, whose grievances with regard to the inland steam-vessels he admitted to be just—an offer to give him one half of what he was asking for. This offer was repudiated by my Honourable friend in language which rose to the heights of great indignation. He rejected the offer and animadverted very strongly on the attitude of an English official who attempted to compromise with justice by an offer of one half only of the whole claim.

Mr. A. D. Pickford: I did accept the offer. Only my offer was not in proper form and was therefore ruled out by the Chair.

Mr. Eardley Norton: If I misunderstood my Honourable friend, I regret it, but if he is prepared to be consistent with his former position (though I do not understand why he should accept from the Council of State a proposal he attacked with so much scorn when offered by the Government) and will move the omission of this item from the amendments by the Council of State, I shall be happy to vote with him.

Mr. A. D. Pickford: Half a loaf is better than no bread.

The Honourable the President: The question is:

'That this Assembly doth agree with the other House in the amendment * No. 16 on the paper.'

The motion was adopted.

The Assembly then adjourned till Saturday, the 26th March 1921.

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* '16. The following has been inserted as Schedule IV to the Bill, namely,

SCHEDULE IV.

Schedule to be substituted in the Freight (Railway and Inland Steam-vessel) Tax Act, 1917.

[SEE SECTION 4.]

SCHEDULE I.

[SEE SECTION 3.]

1	2	3
Goods.	Unit or method of taxation.	Rate of tax.
All goods (including goods carried by coaching traffic) other than food grains and pulses, firewood and fodder.	Per rupee of net freight payable.	Two and a half annas in the case of goods carried by a railway; and one and a quarter anna in the case of goods carried by an inland steam-vessel.'